

11.11.00.00 - INSURANCE REQUIREMENTS FOR TENANTS

11.11.01.00 Policy

Tenants and lessees shall be required to obtain personal injury liability insurance in most leases and rental agreements where extraordinary liability features are present. Insurance shall be in the amount of \$1,000,000 per occurrence for Bodily Injury and Property Damage Liability combined. Personal liability coverage for single family residential properties with swimming pools may be limited to combined coverage of \$500,000. These amounts may be increased for high risk uses.

11.11.02.00 When Insurance Is Required

Refer to the table entitled Guidelines for Personal Injury, Liability and Property Damage Insurance below to determine the need for insurance.

Although not required by the guidelines, insurance should also be required for specific situations with high-risk uses. For example:

- Large agricultural operations involving heavy equipment.
- Multi-residential properties with swimming pools.
- Properties fronting on rivers or lakes.

GUIDELINES FOR PERSONAL INJURY, LIABILITY, AND PROPERTY DAMAGE INSURANCE

<i>Type of Use</i>	<i>Required</i>	
	<i>Yes</i>	<i>No</i>
PUBLIC AGENCIES:		
Self Insured		X*
Not Self Insured	X	
PUBLIC UTILITIES:		
Self Insured		X*
Not Self Insured	X	
RESIDENTIAL:		
SFR		X
SFR with Pool	X	
Multi-Residential		X
Multi-Residential with Pool	X	
Master Tenancy Residential Apartments and Mobile Home Park	X	
COMMERCIAL/INDUSTRIAL:		
Large Corporations with Self Insurance (Ralston Purina, etc.)		X*
Parking - Private (For Lessee employees)	X	
Parking—Public	X	
Sales (Retail, Wholesale)	X	
Restaurants, Bars	X	
Offices—All Types	X	
Warehouses/Storage-Inside	X	
Storage-Outside-Equipment, RVs, Boats, etc.	X	
Service Stations	X	
Manufacturing	X	
Oil & Gas Subsurface Rights		X
Oil Well w/Surface Rights	X	

<i>Type of Use</i>	<i>Required</i>	
	<i>Yes</i>	<i>No</i>
Drainage Ponds	X	
Access Rights for Cafes, etc.		X
Motels —Master Tenancy	X	
Services (Barber Shops, Beauty Parlors, Cleaners, etc.)	X	
Repairs—Auto, appliances, etc.	X	
AGRICULTURAL:		
Grazing—Cows, Horses, Sheep, Llamas, Goats		X
Crops—Row Crops, Orchards, Vineyards, Dry Farming		X
Sales—Fruits, Vegetables, Xmas Trees, etc.	X	
Community Gardens		X
SIGNBOARDS:		
On Premise		X
Off Premise		X
OTHER:		
Recreational (Golf Driving Range, Tennis Clubs, Skateboard Parks, Bike Paths)	X	
Road Approach		X
Landscaping		X
Parks	X	
Park 'n Ride Lots	X	
Porter Bill Parks	X	
Churches	X	

* with self insurance clause in lease.

In such cases, the district determines the necessity for insurance. Insurance is generally required when the property is used for purposes that involve employees, visitors, or customers who could be subject to accidents and injuries.

11.11.03.00 **Family Day Care Facilities**

Use of a state-owned residential unit as a family day care home, as opposed to a school, does not fall under the commercial/business lease category requiring high insurance coverage.

Health & Safety Code Section 1597.531, however, does set minimum levels of mandatory liability insurance or bond coverage for family day care homes. In lieu of liability insurance or bond, a day care provider may maintain a file of signed affidavits informing parents the day care home does not carry the liability insurance or bond.

In addition, if the provider does not own the premises, the affidavits shall state that parents have been informed the property owner's liability insurance, if any, may not provide coverage for losses arising out of, or in connection with, the day care operation. In these instances, the district should request the tenant to provide copies of the affidavits.

11.11.04.00 **How the State Is Protected**

When the district determines that public liability insurance protection is required for the state's benefit, the liability and property damage insurance clause (RW 11-2, Clause 26) shall be inserted in the rental agreement or lease making it mandatory for the tenant or lessee to provide the state with the specified amounts of public liability insurance and naming the state as an added insured. When the rental or lease agreement is signed, the district shall give the tenant RW 11-18, Certificate of Insurance With Endorsement for Lease of State-Owned Property, for documentation of required insurance coverage. The tenant's or lessee's insurance carrier shall complete this form and return it to the state as soon as possible. It need not be returned prior to or accompany the signed rental agreement or lease but the insurance policy **shall be in force before occupancy**.

The Certificate of Insurance form from the tenant's or lessee's insurance carrier is kept in the rental file with the rental agreement or lease.

11.11.05.00 **Fire Insurance on State-Owned Properties**

Although Caltrans does not normally secure fire insurance on properties acquired for future freeway use, fire insurance may be appropriate for high value, high risk properties purchased far in advance of highway construction. Examples of high-risk properties include bars, motels, hotels, and restaurants. The amount of fire insurance placed on a property should take into account the value of the improvements only and should not be based on the appraised value of the entire property.

In addition, Government Code Section 11007.1 permits the Department to authorize insurance against damage or destruction by fire when it has acquired title to the realty and leases the property to the former owner. The Government Code, which is quoted in part below, requires the former owner to request this coverage, to lease back the property for more than a six-month period, and to pay the premiums.

"The Department of Transportation, when it has acquired title to any real property for highway purposes and leases such property for commercial or business uses to the former owner for a term exceeding six months, may secure insurance against the risk of damage or destruction by fire...."

The loss payee of the fire insurance policy shall be the State of California. The lessee shall be responsible for furnishing the state with a certified copy of each and every policy within not more than 10 days after the effective date of the policy. Exhibit 11-EX-12 shows approved clauses requiring the lessee to provide the state with fire insurance on the property.

11.11.06.00 **Self-Insurance by Tenant or Lessee**

Some large corporations and public entities regularly self-insure. If the lessee decides to provide the required insurance by self-insuring, the Property Manager should request documentation from the lessee showing that the lessee regularly self-insures and has adequate assets. In addition, the clause below must be included in the lease in place of the standard liability insurance clause (Clause 26 in Lease Agreement RW 11-2 and Clause 22 in the Agricultural Lease RW 11-3).

LIABILITY AND PROPERTY DAMAGE

INSURANCE: Lessee will self-insure during the entire term of the within tenancy and will defend, indemnify and hold harmless the Lessor, its officers, agents, and employees from all claims, suits or actions of every name, kind and description, brought forth, or on account of, injuries to or death of any person or damage to property, including any claims, suits or actions for damage to vehicles on the property which is the subject of this lease, occurring in, or about, said property.

With respect to third-party claims against the Lessee, the Lessee waives any and all rights to any type of expressed or implied indemnity against the Lessor, its officers or employees.

It is the intent of the parties that the Lessee will defend, indemnify and hold harmless the Lessor, its officers and employees from any and all claims, suits or actions as set forth above regardless of the existence or degree of fault or negligence on the part of the Lessor, the Lessee, the officers or employees of either of these, other than its officers and employees.

Nothing in this lease is intended to make the public or any member thereof a third-party beneficiary hereunder, nor is any term or condition or other provision of the lease intended to establish a standard of care owed to the public or any member thereof.

11.11.07.00 Certificate of Insurance

The State's Standard Certificate of Insurance, RW 11-18, may be used in lieu of a certified copy of the original policy; no other form of Certificate of Insurance is acceptable.

11.11.08.00 Fire and Explosion in State-Owned Buildings

Whenever a fire or explosion takes place in a state-owned property, the district should call the nearest State Fire Marshal office (see state Telephone Directory). The caller should be prepared to identify location, type of property, and extent of damages, if known. The Fire Marshal will decide whether to make a formal investigation.

Rebuilding or repairing damage caused by the fire may begin without delay whether or not an investigation is made.

NOTES: